

**House File 2448 - Reprinted**

HOUSE FILE 2448

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HF 2305)

(SUCCESSOR TO HSB 542)

(As Amended and Passed by the House March 26, 2014)

**A BILL FOR**

1 An Act relating to the administration of programs by the  
2 economic development authority by modifying the high quality  
3 jobs program, creating a workforce housing tax incentives  
4 program and making penalties applicable, and repealing the  
5 enterprise zone program, and including effective date and  
6 retroactive and other applicability provisions.  
7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35

DIVISION I

HIGH QUALITY JOBS PROGRAM

Section 1. Section 15.327, Code 2014, is amended by adding the following new subsections:

NEW SUBSECTION. 3A. "*Brownfield site*" means the same as defined in section 15.291.

NEW SUBSECTION. 12A. "*Grayfield site*" means the same as defined in section 15.291.

NEW SUBSECTION. 17A. "*Project*" means an activity or set of activities directly related to the start-up, location, modernization, or expansion of a business, and proposed in an application by a business, that will result in the accomplishment of the goals of the program.

Sec. 2. Section 15.327, subsection 18, Code 2014, is amended to read as follows:

18. "*Project completion assistance*" means financial assistance or technical assistance provided to an eligible business in order to facilitate the ~~start-up, location, or expansion of the business~~ completion of a project in this state and provided in an expedient manner to ensure the successful completion of the ~~start-up, location, or expansion~~ project.

Sec. 3. Section 15.329, subsection 1, paragraph a, Code 2014, is amended to read as follows:

a. If the qualifying investment is ten million dollars or more, the community has approved by ordinance or resolution the ~~start-up, location, or expansion of the business~~ project for the purpose of receiving the benefits of this part.

Sec. 4. Section 15.331A, subsection 1, Code 2014, is amended to read as follows:

1. The eligible business shall be entitled to a refund of the sales and use taxes paid under chapter 423 for gas, electricity, water, or sewer utility services, goods, wares, or merchandise, or on services rendered, furnished, or performed to or for a contractor or subcontractor and used in the fulfillment of a written contract relating to the construction

1 or equipping of a facility that is part of a project of the  
2 eligible business. Taxes attributable to intangible property  
3 and furniture and furnishings shall not be refunded. However,  
4 an eligible business shall be entitled to a refund for taxes  
5 attributable to racks, shelving, and conveyor equipment to be  
6 used in a warehouse or distribution center subject to section  
7 15.331C.

8 Sec. 5. Section 15.332, subsection 1, Code 2014, is amended  
9 to read as follows:

10 1. The community may exempt from taxation all or a portion  
11 of the actual value added by improvements to real property  
12 directly related to new jobs created by the ~~location or~~  
13 ~~expansion of an eligible business under the program~~ project  
14 and used in the operations of the eligible business. The  
15 exemption may be allowed for a period not to exceed twenty  
16 years beginning the year the improvements are first assessed  
17 for taxation.

18 Sec. 6. Section 15.333, subsection 1, Code 2014, is amended  
19 to read as follows:

20 1. An eligible business may claim a tax credit equal to a  
21 percentage of the new investment directly related to new jobs  
22 created or retained by the ~~location or expansion of an eligible~~  
23 ~~business under the program~~ project. The tax credit shall be  
24 amortized equally over five calendar years. The tax credit  
25 shall be allowed against taxes imposed under chapter 422,  
26 division II, III, or V, and against the moneys and credits tax  
27 imposed in section 533.329. If the business is a partnership,  
28 S corporation, limited liability company, cooperative organized  
29 under chapter 501 and filing as a partnership for federal tax  
30 purposes, or estate or trust electing to have the income taxed  
31 directly to the individual, an individual may claim the tax  
32 credit allowed. The amount claimed by the individual shall  
33 be based upon the pro rata share of the individual's earnings  
34 of the partnership, S corporation, limited liability company,  
35 cooperative organized under chapter 501 and filing as a

1 partnership for federal tax purposes, or estate or trust. The  
2 percentage shall be determined as provided in section 15.335A.  
3 Any tax credit in excess of the tax liability for the tax year  
4 may be credited to the tax liability for the following seven  
5 years or until depleted, whichever occurs first.

6 Sec. 7. Section 15.333, subsection 2, unnumbered paragraph  
7 1, Code 2014, is amended to read as follows:

8 For purposes of this subsection, *"new investment directly*  
9 *related to new jobs created by the ~~location or expansion of an~~*  
10 *eligible business under the program project"* means the cost  
11 of machinery and equipment, as defined in section 427A.1,  
12 subsection 1, paragraphs "e" and "j", purchased for use in  
13 the operation of the eligible business, the purchase price  
14 of which has been depreciated in accordance with generally  
15 accepted accounting principles, the purchase price of real  
16 property and any buildings and structures located on the real  
17 property, and the cost of improvements made to real property  
18 which is used in the operation of the eligible business. *"New*  
19 *investment directly related to new jobs created by the ~~location~~*  
20 *or ~~expansion of an eligible business under the program project"~~*  
21 also means the annual base rent paid to a third-party developer  
22 by an eligible business for a period not to exceed ten years,  
23 provided the cumulative cost of the base rent payments for that  
24 period does not exceed the cost of the land and the third-party  
25 developer's costs to build or renovate the building for the  
26 eligible business. The eligible business shall enter into a  
27 lease agreement with the third-party developer for a minimum  
28 of five years. If, however, within five years of purchase,  
29 the eligible business sells, disposes of, razes, or otherwise  
30 renders unusable all or a part of the land, buildings, or other  
31 existing structures for which tax credit was claimed under this  
32 section, the tax liability of the eligible business for the  
33 year in which all or part of the property is sold, disposed of,  
34 razed, or otherwise rendered unusable shall be increased by one  
35 of the following amounts:

1     Sec. 8. Section 15.333A, subsection 1, Code 2014, is amended  
2 to read as follows:

3     1. An eligible business may claim an insurance premium tax  
4 credit equal to a percentage of the new investment directly  
5 related to new jobs created by the ~~location or expansion of an~~  
6 ~~eligible business under the program project~~. The tax credit  
7 shall be amortized equally over a five-year period. The tax  
8 credit shall be allowed against taxes imposed in chapter 432.  
9 A tax credit in excess of the tax liability for the tax year may  
10 be credited to the tax liability for the following seven years  
11 or until depleted, whichever occurs first. The percentage  
12 shall be determined as provided in section 15.335A.

13     Sec. 9. Section 15.333A, subsection 2, unnumbered paragraph  
14 1, Code 2014, is amended to read as follows:

15     For purposes of this section, *"new investment directly*  
16 *related to new jobs created by the ~~location or expansion of an~~*  
17 *eligible business under the program project"* means the cost  
18 of machinery and equipment, as defined in section 427A.1,  
19 subsection 1, paragraphs "e" and "j", purchased for use in  
20 the operation of the eligible business, the purchase price  
21 of which has been depreciated in accordance with generally  
22 accepted accounting principles, the purchase price of real  
23 property and any buildings and structures located on the real  
24 property, and the cost of improvements made to real property  
25 which is used in the operation of the eligible business. *"New*  
26 *investment directly related to new jobs created by the ~~location~~*  
27 *or expansion of an eligible business under the program project"*  
28 also means the annual base rent paid to a third-party developer  
29 by an eligible business for a period not to exceed ten years,  
30 provided the cumulative cost of the base rent payments for that  
31 period does not exceed the cost of the land and the third-party  
32 developer's costs to build or renovate the building for the  
33 eligible business. The eligible business shall enter into a  
34 lease agreement with the third-party developer for a minimum  
35 of five years. If, however, within five years of purchase,

1 the eligible business sells, disposes of, razes, or otherwise  
2 renders unusable all or a part of the land, buildings, or other  
3 existing structures for which tax credit was claimed under this  
4 section, the tax liability of the eligible business for the  
5 year in which all or part of the property is sold, disposed of,  
6 razed, or otherwise rendered unusable shall be increased by one  
7 of the following amounts:

8 Sec. 10. Section 15.335C, Code 2014, is amended to read as  
9 follows:

10 **15.335C Economically Wage thresholds for brownfield and**  
11 **grayfield projects and economically distressed areas.**

12 1. a. Notwithstanding section 15.329, subsection 1,  
13 paragraph "c", the authority may provide tax incentives or  
14 project completion assistance under this part to ~~an eligible~~  
15 a business paying for a project that will create or retain  
16 jobs that will pay less than one hundred twenty percent of the  
17 qualifying wage threshold if that business project is located  
18 at a brownfield site, a grayfield site, or in an economically  
19 distressed area.

20 b. (1) A business with a project located in an economically  
21 distressed area or at a grayfield site and receiving incentives  
22 or assistance pursuant to this section shall be required to pay  
23 at least one hundred percent of the qualifying wage threshold  
24 for jobs created or retained by the project.

25 (2) A business with a project located at a brownfield  
26 site and receiving incentives or assistance pursuant to this  
27 section shall be required to pay at least ninety percent of the  
28 qualifying wage threshold for jobs created or retained by the  
29 project.

30 2. For purposes of this section, "*economically distressed*  
31 *area*" means a county that ranks among the bottom ~~twenty-five~~  
32 thirty-three of all Iowa counties, as measured by one of the  
33 following:

34 a. Average monthly unemployment level for the most recent  
35 twelve-month period.



1 3. "*Grayfield site*" means a property meeting all of the  
2 following requirements:

3 a. The property has been developed and has infrastructure in  
4 place but the property's current use is outdated or prevents a  
5 better or more efficient use of the property. Such property  
6 includes vacant, blighted, obsolete, or otherwise underutilized  
7 property.

8 b. The property's improvements and infrastructure are at  
9 least twenty-five years old and one or more of the following  
10 conditions exists:

11 (1) Thirty percent or more of a building located on the  
12 property that is available for occupancy has been vacant or  
13 unoccupied for a period of twelve months or more.

14 (2) The assessed value of the improvements on the property  
15 has decreased by twenty-five percent or more.

16 (3) The property is currently being used as a parking lot.

17 (4) The improvements on the property no longer exist.

18 4. "*Housing business*" means a business that is a housing  
19 developer, housing contractor, or nonprofit organization that  
20 completes a housing project in the state.

21 5. "*Housing project*" means a project located in this state  
22 meeting the requirements of section 15.353.

23 6. "*Multi-use building*" means a building whose street-level  
24 ground story is used for a purpose that is other than  
25 residential, and whose upper story or stories are currently  
26 used primarily for a residential purpose, or will be used  
27 primarily for a residential purpose after completion of the  
28 housing project associated with the building.

29 7. "*Program*" means the workforce housing tax incentives  
30 program administered under this part.

31 8. a. "*Qualifying new investment*" means costs that are  
32 directly related to the acquisition, repair, rehabilitation, or  
33 redevelopment of a housing project in this state.

34 b. "*Qualifying new investment*" includes costs that are  
35 directly related to new construction of dwelling units if the

1 new construction occurs in a distressed workforce housing  
2 community.

3 *c.* The amount of costs that may be used to compute  
4 "*qualifying new investment*" shall not exceed the costs used for  
5 the first one hundred fifty thousand dollars of value for each  
6 dwelling unit that is part of a housing project.

7 *d.* "*Qualifying new investment*" does not include the  
8 following:

9 (1) The portion of the total cost of a housing project  
10 that is financed by federal, state, or local government tax  
11 credits, grants, forgivable loans, or other forms of financial  
12 assistance that do not require repayment, excluding the tax  
13 incentives provided under this part.

14 (2) If a housing project includes the rehabilitation,  
15 repair, or redevelopment of an existing multi-use building,  
16 the portion of the total acquisition costs of the multi-use  
17 building, including a proportionate share of the total  
18 acquisition costs of the land upon which the multi-use building  
19 is situated, that are attributable to the street-level  
20 ground story that is used for a purpose that is other than  
21 residential.

22 **Sec. 15. NEW SECTION. 15.353 Housing project requirements.**

23 1. To receive workforce housing tax incentives pursuant to  
24 the program, a proposed housing project shall meet all of the  
25 following requirements:

26 *a.* The project includes at least one of the following:

27 (1) Four or more single-family dwelling units.

28 (2) One or more multiple dwelling unit buildings each  
29 containing three or more individual dwelling units.

30 (3) Two or more dwelling units located in the upper story of  
31 an existing multi-use building.

32 *b.* The project consists of any of the following:

33 (1) Rehabilitation, repair, or redevelopment at a  
34 brownfield or grayfield site that results in new dwelling  
35 units.

1 (2) The rehabilitation, repair, or redevelopment of  
2 dilapidated dwelling units.

3 (3) The rehabilitation, repair, or redevelopment of  
4 dwelling units located in the upper story of an existing  
5 multi-use building.

6 (4) (a) The new construction, rehabilitation, repair,  
7 or redevelopment of dwelling units in a distressed workforce  
8 housing community.

9 (b) The determination as to whether a community is  
10 considered a distressed workforce housing community shall be  
11 within the discretion of the authority after considering all  
12 of the following:

13 (i) Whether or not the community has a severe housing  
14 shortage relative to demand, low vacancy rates, or rising  
15 housing costs combined with low unemployment.

16 (ii) The relative merits of all applications for  
17 designation as a distressed workforce housing community.

18 (iii) The demand for projects applying under this  
19 subparagraph compared to the demand for projects applying under  
20 subparagraphs (1) through (3).

21 c. (1) Except as provided in subparagraph (2), the average  
22 dwelling unit cost does not exceed two hundred thousand dollars  
23 per dwelling unit.

24 (2) The average dwelling unit cost does not exceed two  
25 hundred fifty thousand dollars per dwelling unit if the  
26 project involves the rehabilitation, repair, redevelopment, or  
27 preservation of eligible property, as that term is defined in  
28 section 404A.1, subsection 2.

29 d. The dwelling units, when completed and made available  
30 for occupancy, meet the United States department of housing  
31 and urban development's housing quality standards and all  
32 applicable local safety standards.

33 Sec. 16. NEW SECTION. 15.354 Housing project application  
34 and agreement.

35 1. *Application.*

1     *a.* A housing business seeking workforce housing tax  
2 incentives provided in section 15.355 shall make application to  
3 the authority in the manner prescribed by the authority. The  
4 authority may accept applications on a continuous basis.

5     *b.* The application shall include all of the following:

6       (1) The following information establishing local  
7 participation for the housing project:

8        (a) A resolution in support of the housing project by the  
9 community where the housing project will be located.

10       (b) Documentation of local matching funds pledged for the  
11 housing project in an amount equal to at least one thousand  
12 dollars per dwelling unit, including but not limited to  
13 a funding agreement between the housing business and the  
14 community where the housing project will be located. For  
15 purposes of this paragraph, local matching funds shall be in  
16 the form of cash or cash equivalents, or in the form of a local  
17 property tax exemption, rebate, refund, or reimbursement.

18       (2) A report that meets the requirements and conditions of  
19 section 15.330, subsection 9.

20       (3) Information showing the total costs and funding sources  
21 of the housing project sufficient to allow the authority to  
22 adequately determine the financing that will be utilized for  
23 the housing project, the actual cost of the dwelling units, and  
24 the amount of qualifying new investment.

25       (4) Any other information deemed necessary by the authority  
26 to evaluate the eligibility and financial need of the housing  
27 project under the program.

28     2. *Registration.*

29       *a.* Upon review of the application, the authority may  
30 register the housing project under the program. If the  
31 authority registers the housing project, the authority shall  
32 make a preliminary determination as to the amount of tax  
33 incentives for which the housing project qualifies.

34       *b.* After registering the housing project, the authority  
35 shall notify the housing business of successful registration

1 under the program. The notification shall include the amount  
2 of tax incentives under section 15.355 for which the housing  
3 business has received preliminary approval and a statement  
4 that the amount is a preliminary determination only. The  
5 amount of tax credits included on a tax credit certificate  
6 issued pursuant to this section, or a claim for refund of sales  
7 and use taxes, shall be contingent upon completion of the  
8 requirements in subsection 3.

9     3. *Agreement and fees.*

10     a. Upon successful registration of the housing project,  
11 the housing business shall enter into an agreement with the  
12 authority for the successful completion of all requirements of  
13 the program.

14     b. The compliance cost fees imposed in section 15.330,  
15 subsection 12, shall apply to all agreements entered into  
16 under this program and shall be collected by the authority in  
17 the same manner and to the same extent as described in that  
18 subsection.

19     c. A housing business shall complete its housing project  
20 within three years from the date the housing project is  
21 registered by the authority.

22     d. Upon completion of a housing project, an audit of  
23 the project, completed by an independent certified public  
24 accountant licensed in this state, shall be submitted to the  
25 authority.

26     e. Upon review of the audit and verification of the amount  
27 of the qualifying new investment, the authority may issue a tax  
28 credit certificate to the housing business stating the amount  
29 of workforce housing investment tax credits under section  
30 15.355 the eligible housing business may claim.

31     4. *Maximum tax incentives amount.*

32     a. The maximum aggregate amount of tax incentives that may  
33 be awarded under section 15.355 to a housing business for a  
34 housing project shall not exceed one million dollars.

35     b. If a housing business qualifies for a higher amount

1 of tax incentives under section 15.355 than is allowed by  
2 the limitation imposed in paragraph "a", the authority and  
3 the housing business may negotiate an apportionment of the  
4 reduction in tax incentives between the sales tax refund  
5 provided in section 15.355, subsection 2, and the workforce  
6 housing investment tax credits provided in section 15.355,  
7 subsection 3, provided the total aggregate amount of tax  
8 incentives after the apportioned reduction does not exceed the  
9 amount in paragraph "a".

10 c. The authority shall issue tax incentives under the  
11 program on a first-come, first-served basis until the maximum  
12 amount of tax incentives allocated pursuant to section 15.119,  
13 subsection 2, is reached. The authority shall maintain a list  
14 of registered housing projects under the program so that if  
15 the maximum aggregate amount of tax incentives is reached in  
16 a given fiscal year, registered housing projects that were  
17 completed but for which tax incentives were not issued shall  
18 be placed on a wait list in the order the registered housing  
19 projects were registered and shall be given priority for  
20 receiving tax incentives in succeeding fiscal years.

21 5. *Termination and repayment.* The failure by a housing  
22 business in completing a housing project to comply with any  
23 requirement of this program or any of the terms and obligations  
24 of an agreement entered into pursuant to this section may  
25 result in the reduction, termination, or rescission of the  
26 approved tax incentives and may subject the housing business  
27 to the repayment or recapture of tax incentives claimed under  
28 section 15.355. The repayment or recapture of tax incentives  
29 pursuant to this section shall be accomplished in the same  
30 manner as provided in section 15.330, subsection 2.

31 Sec. 17. NEW SECTION. 15.355 Workforce housing tax  
32 incentives.

33 1. A housing business that has entered into an agreement  
34 pursuant to section 15.354 is eligible to receive the tax  
35 incentives described in subsections 2 and 3.

1     2. A housing business may claim a refund of the sales and  
2 use taxes paid under chapter 423 that are directly related  
3 to a housing project. The refund available pursuant to this  
4 subsection shall be as provided in section 15.331A to the  
5 extent applicable for purposes of this program.

6     3. *a.* A housing business may claim a tax credit in  
7 an amount not to exceed ten percent of the qualifying new  
8 investment of a housing project.

9     *b.* The tax credit shall be allowed against the taxes imposed  
10 in chapter 422, divisions II, III, and V, and in chapter 432,  
11 and against the moneys and credits tax imposed in section  
12 533.329.

13     *c.* An individual may claim a tax credit under this  
14 subsection of a partnership, limited liability company,  
15 S corporation, estate, or trust electing to have income  
16 taxed directly to the individual. The amount claimed by the  
17 individual shall be based upon the pro rata share of the  
18 individual's earnings from the partnership, limited liability  
19 company, S corporation, estate, or trust.

20     *d.* Any tax credit in excess of the taxpayer's liability  
21 for the tax year is not refundable but may be credited to the  
22 tax liability for the following five years or until depleted,  
23 whichever is earlier.

24     *e.* (1) To claim a tax credit under this subsection, a  
25 taxpayer shall include one or more tax credit certificates with  
26 the taxpayer's tax return.

27     (2) The tax credit certificate shall contain the taxpayer's  
28 name, address, tax identification number, the amount of the  
29 credit, the name of the eligible housing business, any other  
30 information required by the department of revenue, and a place  
31 for the name and tax identification number of a transferee and  
32 the amount of the tax credit being transferred.

33     (3) The tax credit certificate, unless rescinded by the  
34 authority, shall be accepted by the department of revenue as  
35 payment for taxes imposed pursuant to chapter 422, divisions

1 II, III, and V, and in chapter 432, and for the moneys and  
2 credits tax imposed in section 533.329, subject to any  
3 conditions or restrictions placed by the authority upon  
4 the face of the tax credit certificate and subject to the  
5 limitations of this program.

6 (4) Tax credit certificates issued under section 15.354,  
7 subsection 3, paragraph "e", may be transferred to any person.  
8 Within ninety days of transfer, the transferee shall submit the  
9 transferred tax credit certificate to the department of revenue  
10 along with a statement containing the transferee's name, tax  
11 identification number, and address, the denomination that each  
12 replacement tax credit certificate is to carry, and any other  
13 information required by the department of revenue. However,  
14 tax credit certificate amounts of less than the minimum amount  
15 established by rule of the authority shall not be transferable.

16 (5) Within thirty days of receiving the transferred  
17 tax credit certificate and the transferee's statement, the  
18 department of revenue shall issue one or more replacement tax  
19 credit certificates to the transferee. Each replacement tax  
20 credit certificate must contain the information required for  
21 the original tax credit certificate and must have the same  
22 expiration date that appeared on the transferred tax credit  
23 certificate.

24 (6) A tax credit shall not be claimed by a transferee  
25 under this section until a replacement tax credit certificate  
26 identifying the transferee as the proper holder has been  
27 issued. The transferee may use the amount of the tax credit  
28 transferred against the taxes imposed in chapter 422, divisions  
29 II, III, and V, and in chapter 432, and against the moneys and  
30 credits tax imposed in section 533.329, for any tax year the  
31 original transferor could have claimed the tax credit. Any  
32 consideration received for the transfer of the tax credit shall  
33 not be included as income under chapter 422, divisions II,  
34 III, and V. Any consideration paid for the transfer of the tax  
35 credit shall not be deducted from income under chapter 422,

1 divisions II, III, and V.

2 *f.* For purposes of the individual and corporate income  
3 taxes and the franchise tax, the increase in the basis of the  
4 property that would otherwise result from the qualifying new  
5 investment shall be reduced by the amount of the tax credit  
6 computed under this subsection.

7 **Sec. 18. NEW SECTION. 15.356 Rules.**

8 The authority and the department of revenue shall adopt  
9 rules as necessary for the implementation and administration  
10 of this part.

11 **Sec. 19. NEW SECTION. 422.11C Workforce housing investment**  
12 **tax credit.**

13 The taxes imposed under this division, less the credits  
14 allowed under section 422.12, shall be reduced by a workforce  
15 housing investment tax credit allowed under section 15.355,  
16 subsection 3.

17 **Sec. 20.** Section 422.33, Code 2014, is amended by adding the  
18 following new subsection:

19 **NEW SUBSECTION. 15.** The taxes imposed under this division  
20 shall be reduced by a workforce housing investment tax credit  
21 allowed under section 15.355, subsection 3.

22 **Sec. 21.** Section 422.60, Code 2014, is amended by adding the  
23 following new subsection:

24 **NEW SUBSECTION. 12.** The taxes imposed under this division  
25 shall be reduced by a workforce housing investment tax credit  
26 allowed under section 15.355, subsection 3.

27 **Sec. 22. NEW SECTION. 432.12G Workforce housing investment**  
28 **tax credit.**

29 The taxes imposed under this chapter shall be reduced by a  
30 workforce housing investment tax credit allowed under section  
31 15.355, subsection 3.

32 **Sec. 23.** Section 533.329, subsection 2, Code 2014, is  
33 amended by adding the following new paragraph:

34 **NEW PARAGRAPH. *k.*** The moneys and credits tax imposed under  
35 this section shall be reduced by a workforce housing investment

1 tax credit allowed under section 15.355, subsection 3.

2 Sec. 24. EFFECTIVE UPON ENACTMENT. This division of this  
3 Act, being deemed of immediate importance, takes effect upon  
4 enactment.

5 Sec. 25. RETROACTIVE APPLICABILITY. This division of this  
6 Act applies retroactively to January 1, 2014, for tax years  
7 beginning on or after that date.

8 Sec. 26. APPLICABILITY. This division of this Act applies  
9 to qualifying new investment costs incurred on or after the  
10 effective date of this division of this Act.

11 DIVISION III

12 TERMINATION AND TRANSITION OF ENTERPRISE ZONE PROGRAM

13 Sec. 27. INVESTMENT TAX CREDITS ISSUED TO ELIGIBLE  
14 HOUSING BUSINESSES UNDER THE ENTERPRISE ZONE PROGRAM —  
15 TRANSFERABILITY. Notwithstanding the requirement in section  
16 15E.193B, subsection 8, Code 2014, that not more than three  
17 million dollars worth of tax credits for housing developments  
18 located in a brownfield site or a blighted area shall be  
19 eligible for transfer in a calendar year unless the eligible  
20 housing business is also eligible for low-income housing tax  
21 credits authorized under section 42 of the Internal Revenue  
22 Code, and notwithstanding the requirement in section 15E.193B,  
23 subsection 8, Code 2014, that the economic development  
24 authority shall not approve more than one million five hundred  
25 thousand dollars in tax credit certificates for transfer to  
26 any one eligible housing business located on a brownfield  
27 site or in a blighted area in a calendar year, all investment  
28 tax credits determined under section 15E.193B, subsection 6,  
29 paragraph "a", Code 2014, for housing developments located on  
30 a brownfield site or in a blighted area may be approved by  
31 the economic development authority for transfer in calendar  
32 year 2014, or any subsequent calendar year, provided the  
33 eligible housing business was awarded the investment tax credit  
34 before the effective date of this section of this division  
35 of this Act and notifies the economic development authority,

1 in writing, before July 1, 2014, of its intent to transfer  
2 such tax credits, and provided the eligible housing business  
3 and the related housing development meet all other applicable  
4 requirements under section 15E.193B, Code 2014.

5 Sec. 28. Section 2.48, subsection 3, paragraph e,  
6 subparagraph (9), Code 2014, is amended by striking the  
7 subparagraph.

8 Sec. 29. Section 15.106B, subsection 5, paragraph c, Code  
9 2014, is amended to read as follows:

10 c. Fees collected by the authority pursuant to this  
11 subsection shall be deposited in a fund within the state  
12 treasury created pursuant to section 15.106A, subsection 1,  
13 paragraph "o", and are appropriated to the authority for the  
14 purposes set out in section 15.106A, subsection 1, paragraph  
15 "o". However, fees collected by the authority pursuant to  
16 section 15.330, subsection 12, ~~and~~ section 15E.198, Code 2014,  
17 and section 15.354, subsection 3, paragraph "b", shall be used  
18 exclusively for costs associated with the administration of due  
19 diligence and compliance.

20 Sec. 30. Section 15.119, subsection 2, paragraph b, Code  
21 2014, is amended to read as follows:

22 b. The enterprise zones program administered pursuant to  
23 sections 15E.191 through 15E.197, Code 2014.

24 Sec. 31. Section 15A.1, subsection 5, paragraph c, Code  
25 2014, is amended by striking the paragraph.

26 Sec. 32. Section 15H.5, subsection 2, Code 2014, is amended  
27 to read as follows:

28 2. The Iowa summer youth corps program is established  
29 to provide meaningful summer enrichment programming to  
30 Iowa youth. The program shall be administered by the Iowa  
31 commission on volunteer service using a competitive grant  
32 process to implement projects in accordance with program  
33 requirements. The commission shall adopt administrative rules  
34 for the program, including but not limited to incentives, grant  
35 criteria, and grantee selection processes. A percentage of the

1 grants shall be designated by the commission to address the  
2 needs of ~~city enterprise zones that meet the distress criteria~~  
3 ~~outlined in section 15E.194~~ economically distressed areas as  
4 defined in section 15.335C.

5 Sec. 33. Section 15H.5, subsection 5, paragraph c, Code  
6 2014, is amended to read as follows:

7 c. The commission shall give priority consideration to  
8 approving those projects that target communities that have  
9 disproportionately high rates of juvenile crime or low rates  
10 of high school graduation or that have been designated as ~~city~~  
11 ~~enterprise zones that meet the distress criteria outlined in~~  
12 ~~section 15E.194~~ economically distressed areas as defined in  
13 section 15.335C.

14 Sec. 34. Section 15J.4, subsection 1, paragraph b, Code  
15 2014, is amended to read as follows:

16 b. The area ~~is~~ was in whole or in part ~~either an a~~  
17 designated economic development enterprise zone ~~designated~~  
18 under chapter 15E, division XVIII, Code 2014, immediately prior  
19 to the effective date of this Act, or the area is in whole or in  
20 part an urban renewal area established pursuant to chapter 403.

21 Sec. 35. Section 403.19A, subsection 3, paragraph j, Code  
22 2014, is amended to read as follows:

23 j. An employer may participate in a new jobs credit from  
24 withholding under section 260E.5, or a supplemental new jobs  
25 credit from withholding under section 15E.197, Code 2014,  
26 or under section 15.331, Code 2005, at the same time as the  
27 employer is participating in the withholding credit under this  
28 section. Notwithstanding any other provision in this section,  
29 the new jobs credit from withholding under section 260E.5, and  
30 the supplemental new jobs credit from withholding under section  
31 15E.197, Code 2014, or under section 15.331, Code 2005, shall  
32 be collected and disbursed prior to the withholding credit  
33 under this section.

34 Sec. 36. Section 422.11F, subsection 2, Code 2014, is  
35 amended to read as follows:

1     2. The taxes imposed under this division, less the credits  
2 allowed under section 422.12, shall be reduced by investment  
3 tax credits authorized pursuant to ~~sections~~ section 15.333 and  
4 section 15E.193B, subsection 6, Code 2014.

5     Sec. 37. Section 422.16A, Code 2014, is amended to read as  
6 follows:

7     **422.16A Job training withholding — certification and**  
8 **transfer.**

9     Upon the completion by a business of its repayment  
10 obligation for a training project funded under chapter 260E,  
11 including a job training project funded under section 15A.8  
12 or repaid in whole or in part by the supplemental new jobs  
13 credit from withholding under section 15A.7 or section 15E.197,  
14 Code 2014, the sponsoring community college shall report to  
15 the economic development authority the amount of withholding  
16 paid by the business to the community college during the  
17 final twelve months of withholding payments. The economic  
18 development authority shall notify the department of revenue  
19 of that amount. The department shall credit to the workforce  
20 development fund account established in section 15.342A  
21 twenty-five percent of that amount each quarter for a period  
22 of ten years. If the amount of withholding from the business  
23 or employer is insufficient, the department shall prorate the  
24 quarterly amount credited to the workforce development fund  
25 account. The maximum amount from all employers which shall be  
26 transferred to the workforce development fund account in any  
27 year is four million dollars.

28     Sec. 38. Section 422.33, subsection 12, paragraph b, Code  
29 2014, is amended to read as follows:

30     *b.* The taxes imposed under this division shall be reduced by  
31 investment tax credits authorized pursuant to section 15.333  
32 and section 15E.193B, subsection 6, Code 2014.

33     Sec. 39. Section 422.60, subsection 5, paragraph b, Code  
34 2014, is amended to read as follows:

35     *b.* The taxes imposed under this division shall be reduced by

1 investment tax credits authorized pursuant to sections 15.333  
2 and 15E.193B, subsection 6, Code 2014.

3 Sec. 40. Section 432.12C, subsection 2, Code 2014, is  
4 amended to read as follows:

5 2. The taxes imposed under this chapter shall be reduced by  
6 investment tax credits authorized pursuant to section 15.333A  
7 and section 15E.193B, subsection 6, Code 2014.

8 Sec. 41. REPEAL. Sections 15E.191, 15E.192, 15E.193,  
9 15E.193B, 15E.194, 15E.195, 15E.196, 15E.197, and 15E.198, Code  
10 2014, are repealed.

11 Sec. 42. EFFECTIVE UPON ENACTMENT. The following provision  
12 or provisions of this division of this Act, being deemed of  
13 immediate importance, take effect upon enactment:

14 1. The section of this division of this Act allowing  
15 the transfer of certain investment tax credits issued to  
16 eligible housing businesses under the enterprise zone program,  
17 notwithstanding the requirements limiting transfer of such  
18 credits under section 15E.193B, subsection 8.

19 Sec. 43. APPLICABILITY.

20 1. On or after the effective date of this division of this  
21 Act, a city or county shall not create an enterprise zone under  
22 chapter 15E, division XVIII, or enter into a new agreement or  
23 amend an existing agreement under chapter 15E, division XVIII.

24 2. a. Agreements entered into under chapter 15E, division  
25 XVIII before the effective date of this division of this  
26 Act between an eligible business and a city, county, or  
27 the economic development authority or between an eligible  
28 business and the department of revenue and a community college  
29 or between an eligible housing business and the economic  
30 development authority shall remain in effect until they expire  
31 under their own terms and except as otherwise provided in this  
32 division of this Act, such agreements shall be governed by  
33 chapter 15E, division XVIII, Code 2014.

34 b. The elimination of the enterprise zone program under this  
35 Act shall not constitute grounds for rescision or modification

1 of agreements entered into under the program, except as  
2 otherwise provided in this division of this Act.

3 3. Except as otherwise provided in this division of this  
4 Act, this division of this Act is not intended to and shall not  
5 limit, modify, or otherwise adversely affect any tax credit  
6 certificate or related tax credit issued before the effective  
7 date of this Act or limit, modify, or otherwise adversely  
8 affect the redemption or transfer of any tax credit or tax  
9 credit certificate issued before the effective date of this  
10 division of this Act.